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C O N F I D E N T I A L USNATO 000548

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STATE FOR EUR-RPM (MONAHAN)
DEFENSE FOR OASD/ISA (EURO-NATO); USDAT&L/DUSD-IE (VAUGHT);
OASD/NII (HANSEN); EUCOM J4-EN ENGINEER DIV (MC) (CAPT
JACKSON); CENTCOM-J4-E (COL FLANAGAN); JOINT STAFF J-4 (MR
MACKIE), J-5 (LTC SEAMON)

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SUBJECT: RFG: SENIOR RESOURCE BOARD OCTOBER 11 & 12 PLENARY

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- [1](#)B. SRB-N(2007)0058-REV1
- [1](#)C. SG(2006)0160-REV1
- [1](#)D. SRB-N(2007)0056
- [1](#)E. SG(2007)0645
- [1](#)F. SRB-N(2007)0041-REV1
- [1](#)G. SRB-N(2007)0062
- [1](#)H. SRB-N(2007)0047-REV1
- [1](#)I. SRB-WP(2007)0002
- [1](#)J. SRB-D(2007)0006
- [1](#)K. SRB-D(2007)0007
- [1](#)L. SRB-D(2007)0008-REV1
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- [1](#)O. SRB-N(2005)0010-ADD14

Classified By: DEPDEFAD CLARENCE JUHL. REASON 1.4.(B/D)

[1](#)1. (C) SUMMARY AND REQUEST FOR GUIDANCE: The Senior Resource Board (SRB), meeting in Brussels on October 11 and 12, will consider: the eligibility for common funding and approval of outsourcing for International Security Assistance Force (ISAF) in theater sustainment air lift; endorsement of the capability package (CP) for Electronic Warfare, and CP addenda for the Interim Combined Air Operations Center (CAOC) Structure and the modifications to the Ballistic Missile Defense feasibility study to address the impacts of the third U.S. site; the SRB input to the Council on policy guidance for the 2009 to 2013 planning period; the 2007 SRB annual report to Council, and an expenditure analysis of the NATO Security Investment Program (NSIP).

The Board will hear status reports on the force generation of the intelligence, surveillance, and reconnaissance (ISR) to support the ISAF operation; the resource aspects of the current operations in Afghanistan, Iraq, Kosovo, Darfur and the Mediterranean; the establishment of the new NATO Office of Resources (NOR); development of the CP Master Plan; and refinements to the development of minimum military requirements (MMR).

The Board will hear status reports and consider the way ahead for any outstanding work for: the funding implications of NATO participation in humanitarian operations, the NATO

Command Structure (NCS) peacetime manning review, assessing the affordability of the proposed Missile Defense capability, the CP Process Review, and further NATO headquarters resource reform. The Board will hear a briefing on Allied Command Transformation,s (ACT) proposed revised resource management organization. Unless otherwise directed by OOB October 11, Mission will take the positions detailed herein. END SUMMARY AND REQUEST FOR GUIDANCE.

12. (C) Mission has reviewed reference documents for the October 11 and 12 SRB meetings (Ref A agenda) and recommends the following U.S. positions:

RESOURCE PLANNING AND POLICY ISSUES

ITEM I. CRISIS RESPONSE OPERATIONS AND MISSIONS RESOURCE UPDATES

1A. ISAF: The Board will receive status reports from the NATO Military Authorities (NMAs) and the Chairmen of the implementing committees (Infrastructure and Military Budget) regarding the force generation process, investment, O and M, and outsourcing for the Afghanistan operation. Mission recommends noting the updates.

In order to address the U.S. imposed deadline to remove our air lift bridging force of January 30, the Board is considering granting eligibility for common funding and the approval for outsourcing of the ISAF in theater sustainment lift under a silence procedure expiring COB Oct 9 (Ref B). SHAPE advised that the contract should be awarded by mid-December in order to be fully operational by January 30. Upon Board agreement on eligibilty and outsourcing, the Military Budget Committee (MBC) would expeditiously screen the requirement, consider granting JFC Brunssum contracting authority, and investigate the extent as to which the additional costs may be accomodated within the agreed 2008 contribution ceiling. The Board will subsequently consider the need to propose an increase to the 2008 contribution ceiling. Mission recommends to maintain silence; however, should the silence be broken by another nation, the Board will hold further discussions on the issue at the Plenary Meeting. Mission will propose a U.S. position should this be the case.

The NMA's will update the Board on the status of the ISAF intelligence, surveillance, and reconnaissance (ISR) requirements to include force generation and the Military Comittee (MC) deliberations of the MMR, and whether outsourcing should still be considered. Current estimates for ISR are 28 MEURO per year (included in the 2008 military budget) if provided by a lead nation and 93.2 Million per year if fully outsourced. IAW agreed ISAF funding arrangements (Ref C), the SRB must approve any outsourcing. Mission recommends supporting outsourcing of the portions of the ISR capability not fulfilled by the force generation offers.

1B. BALKANS: The Board will receive status reports from the NMAs and the Chairmen of the implementing committees on common funded investment, O and M, and outsourcing for the Balkans operations. Mission will note the updates.

1C. NATO TRAINING MISSION IRAQ (NTM-I): The Board will receive status reports on the force generation process, common-funded investment and O and M, and trust funding, from the NMAs, the I.S., and the Chairmen of the implementing committees. The Board will also note an IS trust fund report that indicates that the on-hand contributions are adequate to fully fund all identitifed 2007 and 2008 requirements (Ref O).

1D. NATO LOGISTICAL SUPPORT TO THE AFRICAN UNION MISSION IN SUDAN (AMIS). The Board will hear briefings from SHAPE on mission progress and potential mission expansion, and from the Chairmen of the implementing committees on common funded expenditures. Mission is unaware of any funding issues and will note the briefings.

1E. ARTICLE 5 OPERATION ACTIVE ENDEAVOR. The Board will hear briefings from SHAPE on mission progress. Mission is unaware of any funding issues and will note the briefings.

ITEM II. REPORT ON ISSUES WITH CURRENT OR FUTURE RESOURCE IMPLICATIONS. The Chairman will update the Board on the status of the following issues with resource implications, seek initial views, and consider the way ahead:

1A. Funding Implications of NATO participation in humanitarian operations. The NAC tasked the SRB to develop a report on the funding implications of NATO's participation in humanitarian operations on the basis of the final MC and SCEPC reports on lessons learned from the Pakistan earthquake relief operation and the assistance to the U.S. following Hurricane Katrina. Germany was unable to agree to the proposed specific funding arrangements for humanitarian operations, insisting that such arrangements exceeded the mandate from the Council. The Board will now consider an I.S. draft report which outlines the potential funding implications should NATO participate in a humanitarian operations (Ref D). Mission recommends to support extending eligibility for common funding of critical theater-level enabling capabilities (i.e. medical, engineering, logistics, etc) to not only the deployed NATO forces but also to support the local population affected by the disaster or event.

1B. Update on the Peacetime Establishment (PE) Review of the NATO Command Structure (NCS). On September 19, the NAC approved the MC Report on Phase 1 of the PE Review for the NATO Command Structure (Ref E) which made the following changes to Allied Command Operations: established the three operational level joint force command headquarters (Brunssum, Lisbon, Naples), converted the two current land component commands to joint forces commands with three deployable joint staff elements (DJSE) each (including one force structure DJSE), and retained the current air and naval component commands. ACT's overall architecture remains unchanged; however, an Integrated Resource Management Division (see Item IV) and a Capability Development Division will be established. In addition, the NATO Communications Service Agency (NCSA) structure will be substantially modified to combine static and deployable entities to maximize efficient utilization of military manpower. The initial resource estimates to implement the proposed new command structure indicate increased costs to both the NSIP and the Military Budget. During the Plenary meeting, the Chairman will update the Board on the Executive Working Group (EWG) and MC deliberations of the issue, and the Board will consider the way ahead for its participation in Phase 2 of the review. Mission recommends supporting that the Board task the International Staff to further develop the resource and financial implications of the proposed command structure.

1C. Missile Defense. The Council tasked the Board to provide a preliminary assessment of the affordability of the recommendations of the Missile Defense Feasibility Study for a NATO-wide architecture and one mid-course interceptor. In preliminary discussions, many nations preferred to include the possible contribution of the potential U.S. sites in Poland and the Czech Republic in the cost analysis, and the Board tasked the I.S. to prepare a report outlining the resource issues of the potential NATO Missile Defense program (Ref F). Mission recommends supporting deferral of finalizing the affordability report to Council pending the results of the modified Ballistic Missile Defense Feasibility Study addressing the impact of the third U.S. site (see Item VIII.D).

1D. CP Process Review. U.S. (Morse) and Turkey (Ozarmagan) are co-chairing a working group to improve the current CP process. The co-chairmen will update the Board on the ongoing activities of the working group. Mission recommends to note the update.

1E. CP Master Plan and MMR. The IMS will update the Board on the status of CHOD's taskings to the NMAs to develop an overall CP Master Plan and improve the establishment of

the MMR by providing a wider range of potential options to include relevant resource implications and associated risks. Mission will note the update.

ITEM III. COUNCIL PLANNING GUIDANCE FOR THE 2009-2013 PLANNING PERIOD. The Board will consider the draft SRB input to the Council on policy guidance for NATO Military Common Funding for the 2009 to 2013 planning period (Ref G). The proposed key issues for the planning period are: support for operations and missions; rapid implementation on capability packages supporting deployability; free resources through prioritization, improvement of procedures, and accelerating work on the closure of legacy infrastructure and systems; early development and implementation of new capabilities supporting transformation; implementation of the command arrangements while achieving further manpower savings; realize NATO Network Enable Capability through early implementation and integration of C2 and C3 systems; and improvements to existing capabilities that support expeditionary capabilities. Mission will agree to the paper as drafted.

ITEM IV. ACT INTEGRATED RESOURCE MANAGEMENT ORGANIZATION. ACT will brief on their proposed new organization for an integrated resource management organization. Mission has yet to receive the briefing charts, and will forward them to Washington agencies upon receipt, and recommend a way ahead.

ITEM IV. NATO HEADQUARTERS RESOURCE REFORM. In April 2006, the NAC agreed that the SRB should assume a lead policy and planning role in all military resource areas and that the MBC and IC should be oriented towards implementation. In February 2007, the Council agreed to establish a NOR and new terms of reference (TOR) for the resource committees which establishes a hierarchical structure, i.e. the IC and MBC reporting to the SRB. On April 4, the Board agreed to again revise the IC TOR to designate that the future IC chairman will be nationally sourced in lieu of a member of the I.S. Mr. Peltier (U.S.), the current international Director NOR, will update the Board on the establishment of the NOR.

The MBC Chairman requested the Board's advice on the interpretation of the agreed terms of reference with respect to level of approval (MBC, SRB or NAC) for PE changes, audit reports, personnel appointment extensions, and accreditation of centers of excellence. In June, the Board considered an I.S. non-paper which advocated reducing the approval levels. Mission supported the lowest level of approval (e.g. MBC and IC) consistent with proper oversight. France, the Netherlands, and Spain were unable to agree the proposal. On October 3, the Board agreed an interim solution that the MBC approval requests be subject to SRB endorsement prior to submission to the NAC and in parallel, the I.S. will prepare a report for consideration by the Board by November 30, outlining current processes and identifying options for changing these processes, with the aim of ensuring that decision making will be delegated to the lowest level practical (Ref M). The Chairman will update the Board on the way ahead.

During the April Plenary meeting, the national resource committee chairmen elections resulted in several ties between candidates during successive voting rounds, and many nations voiced concern that the existing election process was not suitable to elect a single candidate for each chairmanship (Ref N). At a September informal SRB meeting, many nations objected to the current weighted voting election system and preferred rather non-weighted sequential voting, thus eliminating candidates through successive rounds with each nation casting a single vote supporting a single candidate in each round. The Board will consider an I.S. non-paper, yet to be issued, on the election process which Mission will forward to Washington agencies upon receipt and propose a recommended way ahead.

ITEM VI. IMPLEMENTATION MANAGEMENT IN THE NSIP, AN ANALYSIS OF THE EXPENDITURE SITUATION. During the presentation of the 2006 SRB annual report to Council, the NAC invited the SRB to

provide a broad analysis of the reasons for the decline in NSIP expenditures over the last four years and the delays in deployable command, control and consultation projects, and possible actions to rectify the situation. The Board will consider an I.S. proposed draft report (Ref H) which suggests that the NSIP implementation rate slowed dramatically during the past four years due to significant delays in ACCS program, NATO Command Structure Headquarters improvements (due to indecision on the PE Review), and changes in concept for the Combined Joint Task Force (CJTF) and NATO Response Force (NRF). Further, approximately 50 percent of the NSIP implementation responsibility has shifted from the territorial host nations to the Strategic Commands and NATO agencies. The report notes that initiatives to make the NSIP more responsive are underway at the Strategic Commands, the SRB, and the IC which will need to be complemented by host nation and agency measures to improve capability delivery. Mission recommends to agree the report as drafted.

ITEM VII. DRAFT 2007 ANNUAL REPORT TO THE COUNCIL. The Board will consider the I.S. proposed draft 2007 SRB Annual Report to the Council (Ref I). The draft report concludes that while the resource allocations for the NSIP have been sufficient for both 2006 and 2007, future years will likely require increased contributions. For the Military Budget, resource allocations had to be increased in 2006, primarily to cover cost increases for the ISAF operation, but will likely be adequate for 2007. Additional operational requirements in Afghanistan and substantial investments in deployable and transformation systems are anticipated to put further pressure on operation and maintenance (O and M) budgets. International manning remains a serious problem, particularly in the area of deployable communications. Mission recommends to agree the report as drafted.

ALLOCATION OF RESOURCES CAPABILITY PACKAGE AND STAND-ALONE PROJECTS.

ITEM VIII.A. I.S./IMS CAPABILITY PACKAGE OVERVIEW: The Board will receive the regular I.S./IMS status report on the active and pending capability packages. Mission will note the briefings.

ITEM VIII.B. BI-SC CAPABILITY PACKAGE 9A0700 ELECTRONIC WARFARE. This CP (Ref J) will provide an electronic warfare training and exercise capability. The I.S. proposes to split the procurement of the air training equipment from that for the land and maritime equipment. Mission will seek assurances that should the training equipment be procured separately, interoperability can be obtained while maintaining full and open international competition, and will requests the IC to further evaluate the issue during the project authorization stage. The CP has a priority of 2 and the required capabilities are categorized as Essential 1. The NSIP investment costs included in this CP are 161.9 MEURO; annual O and M costs are 0.3 Million in 2011 and steadily increasing to 3.0 MEURO for 2015 and beyond; and no additional manpower is required. The MC is considering endorsement of the CP under silence procedure expiring October 12. Mission recommends supporting endorsement of the CP, subject to MC endorsement.

ITEM VIII.C. SHAPE RECOMMENDED CAPABILITY PACKAGE 5A0109 ADDENDUM 1 INTERIM CAOC STRUCTURE (ICS). This CP Addendum (Ref K) will procure additional electronic equipment to enable a reduction from the current ten CAOCs to the four NATO Command Structure CAOCs using the existing air command and control legacy systems. Nations have not yet agreed the flags to post arrangement for the CAOC portion of the new command structure; as such the initial state peace establishment (ISPE) is not agreed and therefore, the funding to support the manning is unknown. Pending agreement of the ISPE, SHAPE proposes to continue multinational manning and O and M based upon the current multinational Memoranda of Understandings (MOUs). Mission will seek assurances that the existing MOUs can accommodate any increase in manning and costs associated with the proposed ICS. The CP has a priority of 2 and the required capabilities are categorized as Essential 1. The NSIP investment costs are 1.5 MEURO. As

part of the CP endorsement, nations are invited to confirm their commitment to continue to fund the O and M and to provide manpower for the ICS CAOCs through the MOU based agreements. Consideration of the common funded O and M costs and the additional PE post are deferred pending agreement of the ISPE. The MC is considering endorsement of the CP under silence procedure expiring October 19. Mission request Washington instructions regarding our confirmation to continue O and M funding and manpower via the existing CAOC MOUs; and if such confirmation is available recommends, to support endorsement of the CP, subject to MC endorsement.

ITEM VIII.D. SACT RECOMMENDED CAPABILITY PACKAGE 5A0061 ADDENDUM 1 FEASIBILITY STUDY ON BALLISTIC MISSILE DEFENSE. This CP Addendum will assess the impact of the US Missile Defense elements planned to be installed in Europe on the architecture proposed in the existing Missile Defense Feasibility Study in order to provide a report to Heads of State and Government (Ref L). The CP has a priority of 2 and the project in the addendum is categorized as Essential 1. The NSIP investment costs included in this CP are 1.5 MEURO. The MC is considering endorsement of the CP under silence procedure expiring October 9. Mission recommends supporting endorsement of the CP, subject to MC endorsement. Mission notes that existing OMA funds for the Missile Defense Feasibility Study (355 KUSD) may not be adequate to fully cover the U.S. cost share of the addenda and that additional obligation authority must be made available prior to the project authorization in the IC. The proposed FY08 National Defense Authorization Act language requires congressional notification prior to using any NSIP funds for missile defense studies. As such, Mission requests Washington to identify source of additional funds, and should NSIP funds planned to be used, to make appropriate congressional notification.

ITEM IX. ANY OTHER BUSINESS. None known at this time.
NULAND